



STATE OF CONNECTICUT

DEPARTMENT OF TRANSPORTATION

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Office of the
Commissioner

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**Public Hearing – March 4, 2009
Transportation Committee**

**Testimony Submitted by Commissioner Joseph F. Marie
Department of Transportation**

S.B. 442 - An Act Concerning the Improved and Increased Use of Rest Areas on State Highways.

The Department of Transportation (DOT) supports the intent of S.B. 442, AAC the Improved and Increased Use of Rest Areas and offers the following comments.

The Department recently completed a study on Connecticut's rest areas and service plazas in cooperation with the Federal Highway Administration (FHWA). The study evaluated the state's overall needs, requirements, and options for rest areas and service plazas and also evaluated the needs of each individual existing facility. The study resulted in a long-term plan to move Connecticut to the forefront of states providing highway rest facilities and traveler services and also recommended specific facility improvements.

On July 18, 2008, DOT posted a Request for Proposal (RFP) on the Department of Administrative Services website to obtain a new operator of the 23 service plaza facilities who would also be expected to perform significant physical improvements to these facilities. A mandatory 2-day proposer conference and site visit was held on August 6 and 7, 2008, ultimately followed by a December 22, 2008 due date for proposals. At present, a multi-agency panel is reviewing the proposals received. It is our goal to have an award in place by September 30, 2009.

The purpose of the RFP is to *change the face* of the State's fuel and food service plaza facilities on Routes I-95, I-395 and Route 15. The State is looking for an *innovative* solution that will significantly improve the quality and character of the Facilities and the services offered to traveling consumers. These Facilities were built in the 1940s and 1950s, and with the exception of a few renovations, have had no significant capital improvements in the past twenty-five years.

This RFP process and the resulting award will lead to the creation of a service plaza environment that is inviting, comfortable, safe and clean. The Facilities should be designed and operated to create a favorable impression of our State and provide an appealing oasis where consumers are offered fuel and a variety of food and beverage choices. The State seeks to *increase the economic viability* of each of these Facilities and maximize the revenue stream to the State. For qualified firms, this project offers a unique and substantial business opportunity with long-term potential to invest and grow. At the same time, the successful Proposer will serve an important public service and establish a foundation among

millions of visitors as the provider of first class Facilities on the State's Roadways. To meet the challenges posed by these outdated Facilities and the growing needs of the traveling public, DOT is seeking to enter a long-term relationship with a single entity that can create the most value for the State in its development and execution of a plan to reconstruct, renovate, or otherwise substantially improve, operate and maintain, all 23 Facilities.

The current average daily traffic count on the most heavily traveled areas of I-95 S/B, exceeds 79,000 vehicles. Analysis shows we have a lower capture rate (number of vehicles passing the service areas that stop) than many of the other nearby states. In calendar year 2007, approximately 52 million gallons of fuel, and over \$56 million of food, beverages and other retail goods, are purchased annually at the Facilities. DOT believes that a modern, well designed and inviting environment will not only provide a welcoming environment for the recreational and business traveler, but also increase the current capture rate and revenues per visitor.

This effort is a substantial undertaking, and the Department is working diligently to select a proposal that is the most advantageous to the State, while serving the needs of the motoring public and the surrounding communities.

Attached is an overview of the project. Information concerning the service plaza RFP can be found at <http://www.das.state.ct.us/rfpdoc/DOT11/bids/09dot7001.pdf>.

For further information or questions, please contact Pam Sucato, Legislative Program Manager for the Department of Transportation at (860) 594-3013.

Overview of the Project to Redevelop, Operate and Maintain Connecticut's 23 Service Plaza Facilities

The purpose of this project is to *change the face* of the State's fuel and food service plaza facilities on Routes I-95, I-395 and Route 15. The State is seeking a Prime Contractor to propose a solution that will significantly improve the quality and character of the Facilities and the services offered to traveling consumers.

Locations of Existing Service Plazas (Also includes the ConnDot Headquarters Cafeteria)

- I-95: Ten facilities between Darien and Madison (5 on each side of the highway); ExxonMobil provides fuel services and McDonald's provides food services.
- Route 15: Ten facilities between Greenwich and North Haven (5 on each side of the highway); ExxonMobil provides fuel and operates small "convenience/snack" stores.
- I-395: Three facilities between Montville and Plainfield; ExxonMobil provides fuel and operates small "convenience/snack" stores.

Existing Infrastructure

- Need for a substantial capital infusion.
- 25 Years with little renovation.
- Facilities are out of date, tired looking, and not conducive to the needs of today's travelers.
- Large statewide deficit of truck parking spaces.
- Environmental complications.

Current Statistics/Conditions

- Current business model involves separate fuel and food contracts and is difficult to manage.
- 52 million vehicles a year pass these service plazas.
- \$56 million in food, beverage and other retail goods are sold.
- In excess of 50 million gallons of fuel are sold.
- CT has a lower capture rate (number of vehicles passing the service areas that stop) than many of the other nearby states.
- CT has a lower "spend" rate (average purchase by visitors) than other nearby states.

Desirable Structure of New Deal

- Attract a single operator – one Prime Contractor to manage all service plazas and all services
 - One Prime Contractor for all facilities allows sales of higher producing locations fund improvements at more remote locations;
 - Managing a single vendor will be much more effective for the State in the long run;
 - Helps to ensure consistency among all the facilities, including such things as designs, operations, oversight, and quality and type of goods and services, to name a few examples.
- Potential Prime Contractors
 - DOT is looking outside the box to find a developer and operator of major infrastructure projects.
 - Considering companies that may include (in addition to a Sunoco, ExxonMobil, Host Marriot Int'l, etc.) the BAA's or Abertis' of the world. The focus is to attract a "team," led by a Prime Contractor, that has financial capability, design and development skills/experience, retail and fuel experience, and environmental skills, to name a few.

Overview of the Project to Redevelop, Operate and Maintain Connecticut's 23 Service Plaza Facilities

- Some specifics of a deal
 - Prime Contractor will invest significant capital to design, develop, reconstruct, and renovate the service plazas.
 - Prime Contractor will then operate and maintain the facilities, and over the years .
 - Renovation of two Tourist Centers in gateway locations of I-95 and Route 15.
 - Term of deal must be long enough to recover investment and is expected to be in the range of 20-30 years (fixed, with no extensions).
 - Revenue to the State will be comprised of the following:
 - a minimum monthly guarantee; plus
 - a monthly supplemental payment calculated on fuel, food and other goods' sales.
 - Expand the current capacity for truck parking especially on lower I-95, and that consideration be given to idle-reduction technology in some locations.
 - Maintain sensitivity to local issues
 - With regards to Homeland Security and emergency evacuation:
 - Requiring that all facilities have standby power to ensure that fuel can be pumped.